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UNITED STATES DEPARTMENT OF AGRICULTURE  
Food Distribution Administration

WARTIME RETAILING

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U. S. Department of Agriculture

The opportunity to speak before a group of retailers is always attractive to me, since the major part of my life has been spent in the food business. When I face a group such as the one now before me, it is always with the feeling that we speak one another's language.

In this particular instance, I must confess that I was somewhat disconcerted by one sentence in the letter of invitation which Senator Andrews relayed to me. That sentence was, "Of course we expect to lose 50 percent of the retail grocers in the state—" I immediately became alarmed at the thought of the dire situation in Florida: What could cause 50 percent of the grocers in Florida to go out of business? In what ways is Florida's situation worse than that of the other 47 States?

Seeking an answer to these questions, I turned to the figures on retail sales of independent stores published by the Bureau of the Census. The answer was certainly not in these figures, for they showed a sales increase for Florida food stores of 23 percent in January 1943, over January 1942. It is true that sales for January 1943 were about 2 percent less than sales for December 1942, but that of course is a reflection of normal slump after the relatively larger Christmas volume.

So, the Census figures indicate that Florida food retailers were "doing nicely, thank you" in January of this year.

Statistics gathered by the industry for the Nation as a whole indicate that 1942 was a year of increased volume. The Annual Survey by The Progressive Grocer revealed that food sales were 20 percent higher than in 1941. According to this Survey, "Price advances averaging 17.3 percent for the year 1942 accounted for most of these sales increases, yet food tonnage sales increased approximately 3 percent, notwithstanding the loss of civilian consumption of several million men who entered the armed services."

The Department of Commerce has made some interesting comparisons between the gains of independent retailers and those of the chains. For the first 6 months of 1942, the gains of chain stores outdistanced those of the independents. The trend was reversed during the last half of 1942, when the independents were 26 percent ahead in sales, and chains were ahead only 1.2 percent.

I venture the guess that there are men in this room who are doing a volume of business which 10 years ago they would have considered impossible. Certainly the national total reached a staggering figure — \$15,300,000,000 estimated retail food sales for 1942, the highest in history.

In the face of these conditions -- increased dollar volume and increased tonnage -- I think we can assume that the worrying in the grocery trade is not over present curtailments, but over the probable changes during the next year or two. Right now you are probably saying to yourself, "Sure, I did all right in 1942 -- but what's going to happen in 1943?"

The thoughtful business man is bound to ask himself such questions: He tries to look ahead to see how he can adjust his business to new conditions. He doesn't wait until change is upon him to make plans to meet changed conditions. So, I do not consider that we are borrowing trouble today when we try to get an answer to that perplexing question: "What will the grocery business be like 12 months from now?"

One important aspect of the retail food business is volume of sales. What are the factors which will determine volume?

Obviously, the first consideration is the food supply available to civilians. The fact that our production goals for 1943 are the highest in history does not necessarily guarantee the retailer an increased amount for his customers. In the first place, the goals may not be attained. The first indications, however, are very favorable. The March 19 report of the Crop Reporting Board showed that farmers plan to exceed or approximate their crop production goals in most cases,

Here are a few figures showing production trends: On January 1 there were 14 percent more chickens on farms than on January 1, 1942. The number of eggs set in January and February of 1943 was 19 percent over a year ago. Egg production in January and February was up nearly 10 percent over production in the same months of 1942. There were 22 percent more hogs and pigs on farms on January 1, 1943, than a year earlier. Milk cows on farms on January 1 were 2 percent more than a year earlier and slightly higher than any previous record. February milk production was a record for the month. In January 1943 there was an increase of 5 percent in the number of head of cattle and calves, excluding milk cows 2 years old and over. That news is all good news.

Even if we should attain the high goals for 1943, one other factor must be considered before we can speak with any assurance on the quantity of food which will be available to civilians for purchase through retail stores. That factor, of course, is military and lend-lease requirements. It is estimated that at least one-fourth of our food production in 1943 will go into military and lend-lease channels. The remaining three-fourths will be available for civilian consumption. In 1942, about 12 percent of our food went for military and lend-lease needs.

The interesting thing about the food supply available to civilians in 1943 is this: That amount will be greater than we consumed during each year of the 1935-39 period: It compares very favorably with the amount we consumed in 1940 and 1941 -- and there will be fewer civilians in 1943 than in those years.

From the standpoint of total food supply for civilians, our position for 1943 is quite satisfactory. It is true that certain foods are particularly needed by the armed forces and for lend-lease shipment. This has resulted and will continue to result in "tight" situations for a number of foods. Rationing is the answer to this problem.

I think we must expect that more foods will be rationed in 1943. Many people feel that rationing is detrimental to the retailer in terms of volume — and I will elaborate on that a little later on. Certainly it has the advantage of spreading supplies fairly and relieving you of the burden of pacifying irate customers. It makes your problem of obtaining supplies less difficult. The relative smoothness of the operation of point rationing has dispelled many fears concerning it.

Actually, of course, rationing does not cause lowered volume — it is simply a device for sharing fairly the available supply of goods. Rationing doesn't decrease the total amount of butter you can sell — it simply limits the amount you can sell to one customer at one time.

I know you are probably thinking that rationing has cut seriously into your sales of rationed goods. It is true that the high point values on certain items have practically "frozen" those items on your shelves. The solution, of course, is the one which has just been announced — lowering the point values to encourage purchases. The flexibility of the point rationing system is one of its great advantages. I can assure you that careful, continuous study is being made in Washington of the sales of various items under point rationing to insure proper adjustment of point values.

As for nonrationed items, I am sure you have no fears concerning volume reduction. With consumer income expected to reach 117 billion dollars in 1943, the demand for food will be unprecedented. It is almost literally true that any nonrationed food item can be sold in any available quantity. The enterprising grocer today is seeking out new products and new lines of ration-free goods on which to build volume.

I wonder if you have actually stopped to think how significant this enormous consumer demand is. Can you remember the food business in the days when consumer income averaged about 65 billion dollars annually? That was not in some early period of our history — that was less than 10 years ago! The estimated 117 billions for 1943 would make almost any supply seem inadequate. In my opinion, too much emphasis has been placed on the "scarcities" of the past months, and there has been a regrettable tendency to assume that insufficient supplies had caused the "scarcities". Actually, food supplies reached new highs in 1942 — but the tremendous buying power resulted in larger purchases and hence apparent food shortages.

While we are considering consumer income, let us pause a moment to examine its significance in terms of the post-war period. Every man in this room has a tremendous stake in the continuation of full employment and high consumer income after the war. The prosperity of the food business is dependent upon those goals. Now is the time to give thought to programs which will give us in peacetime the consumer income which has accompanied our mobilization for war.

Thus far I have examined supplies, rationing, and consumer income as factors which will affect volume in the retail food business in 1943. There is another factor which cannot be overlooked: Price control. With two OPA men here, it would be presumptuous of me to elaborate on that. However, I want to comment briefly upon the fact that price control has only a relatively depressing effect upon volume. Obviously, if price control were removed prices

increase would mean nothing — nothing except an inevitable catastrophe of deflation. That must not happen here.

There are many other aspects of retailing in addition to volume. I turn now to the question of labor supply — manpower is the more high-sounding wartime name for it. This is one field in which the utmost realism is required. We know that labor turnover in retail food stores was high last year, and that there was a net decline in the number of employees in food retailing. The drafting of teen-age boys will cut further into your labor supply. What can be done to assure an adequate supply of labor for food distributors?

We in Washington can work with you and with the War Manpower Commission to secure deferment of essential workers — in the very narrow definition of that word essential. The best you can expect is the deferment of persons who by virtue of their training and experience are necessary as individuals to the conduct of your business. This will obviously not help you to retain clerks, drivers, cashiers, porters, etc.

Being realistic about the problem, then, isn't this the time for you to start training women for most of these positions? I know that many of you are already employing women, but what have you actually done about training them for jobs other than as checkers and telephone order-takers? Isn't this the time to say to yourself: "Six months from now, most of the employees I have will be women. Training those women now will enable me to do a better job as a food retailer."

Another aspect of retailing which deserves study now is operating procedure — what kind of establishment will you have a year from now, in terms of store layout, service, credit, delivery? I think the tendency toward self-service will become intensified, largely because of labor shortages. The enterprising merchant will plan now to adjust his store to this type of operation. He will study floor plans, arrangements of goods and merchandising devices which will enable the customer to make her own selection of merchandise.

The merchant who retains delivery service will begin today — if he has not already done so — to "zone" his deliveries so that he will not cover all sections of town every day. He may limit deliveries to 3 days a week instead of 6, and use his delivery help to check stock, arrange storage space, etc. He will — and this is important — re-examine his store hours to be sure his store is open when war workers have time to shop.

The enterprising merchant will discover ways to encourage grocery shopping during the early part of the week. He will work to shift some of the load of week-end shopping to the lighter days. By reducing the peak load the merchant will be able to avoid the necessity for extra "Saturday help" and to use his store personnel more efficiently. In order to accomplish this, the alert merchant will shift a part of his advertising to the first of the week, realizing that the present custom of week-end advertising only strengthens the housewife's habit of doing her shopping late in the week.

In short, the wide-awake merchant will analyze all his operating practices to determine which are essential, which can be curtailed, and which can be eliminated. In this examination, he will be guided by one principle: The desire to make a living.

One necessary service is so important that it should receive special consideration. That is the service of educating your customers on the various Government regulations under which you are operating. The customer's attitude is in large part a reflection of your attitude: You can convince her that the inconvenience she experiences is a necessary, patriotic contribution to the war effort.....or you can convince her that the various regulations are bits of foolishness dreamed up in Washington by a misguided bureaucrat. Which will it be? Are you building a positive, cooperative attitude in your customers....or are you inadvertently fostering rumors, defeatism, and dissatisfaction?

Now for a brief look at another aspect of wartime retailing — profits. What is the outlook for 1943? We know that food retailing was unusually profitable in 1942 and that most retail grocers are in a favorable position today. We know that retail ~~failures~~ in the food business in 1942 were below average.

The most precise forecast I could give would be this: The profits of any individual food dealer in 1943 will be determined by the same factors which have always determined them — individual ability, sound operating practices, efficiency — in short, merchandising instead of store keeping. No one has ever been sure of a living in the grocery business in peacetime, and that situation hasn't changed in wartime. Your profits may be less in 1943. After all, what is our goal? Is it defeat of the Axis or the enrichment of individual citizens? Is our goal national security or individual profiteering? We must expect from every citizen his full contribution to winning the war — and that contribution must come first. I know we can count on you.

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